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Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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BOARD OF SUPERVISORS

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June 3, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

VARIOUS AMENDMENTS TO COMMUNITY HEALTH PLAN AGREEMENTS
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services, or his designee, to sign Amendment No. 4 to Agreement No. 00MHF007 (Exhibit I) and Amendment No. 1 to the related State Supported Services Agreement No. 03MHF018 (Exhibit II), to provide funding from the State Managed Risk Medical Insurance Board (MRMIB) for the Community Health Plan's (CHP) Healthy Families Program (HFP), in the estimated amount of \$22,490,000 and \$24,070, respectively, effective July 1, 2004 through June 30, 2005.
2. Delegate authority to the Director of Health Services, or his designee, to accept and sign future amendments to the above agreements, or replacement agreements thereof, with MRMIB, during the period July 1, 2004 through June 30, 2008, in amounts not less than 90% of the FY 2004-05 base award, following review and approval by County Counsel and notification to the Board.
3. Approve and instruct the Director of Health Services, or his designee, to offer and execute Amendment No. 2 to the standard form agreements for primary care, primary and specialty care, and hospital services, substantially similar to Exhibits IIIA, IIIB, and IIIC, with the HFP contractors listed on Attachment B, effective July 1, 2004 through June 30, 2005; and authorize the Director of Health Services, or his designee, to approve revisions to such agreements that are substantially similar as required by the State Department of Managed Health Care (DMHC) or otherwise required by law, following the review and approval by County Counsel, effective July 1, 2004 through June 30, 2008.

4. Approve and instruct the Director of Health Services, or his designee, to offer and execute Board-approved standard form agreements, with qualified providers listed under Attachment C, for any or all CHP product lines of business, including HFP, Medi-Cal Managed Care Program/County Temporary Employee Program, and the PASC-SEIU Homecare Health Care Plan, provided that CHP requires such agreements to increase service capacity or access for its members, and that such providers meet CHP's contracting criteria listed in Attachment D, following review and approval by County Counsel and notification to the Board, effective upon execution through the term of each existing product line agreement.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

In approving these actions, the Board is delegating authority to the Director of Health Services, or his designee, to: 1) ensure continued funding and provision of HFP services to eligible CHP members; 2) amend the HFP service agreements as required by the DMHC and to reflect modifications to Board-mandated provisions that have occurred since the agreements were last amended; and 3) enhance CHP's ability to increase service capacity and access through contracts with qualified providers.

FISCAL IMPACT/FINANCING:

The funding for the HFP is provided by MRMIB on a per-member per-month basis, at a capitated rate for each HFP beneficiary enrolled in CHP.

Funding for the renewal agreements with HFP providers and any new providers for HFP, Medi-Cal Managed Care Program/County Temporary Employees Program (MMCP/CTEP), and the PASC-SEIU Homecare Worker Health Care Plan (Health Care Plan), is 100% offset by capitation payments received by CHP for each enrollee.

There is no net County cost in approving the continuation of the HFP program for another year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The CHP, a full-service Knox-Keene licensed and federally qualified Health Maintenance Organization (HMO) is the County's publicly operated HMO administered by the Department's Office of Managed Care. CHP provider services are funded by L.A. Care Health Plan for Medi-Cal beneficiaries, the County health plan for County temporary employees, MRMIB for HFP subscribers, and the Personal Assistance Services Council for the Health Care Plan.

California Health and Safety Code (CHSC) Section 1375.5 prohibits a contract between a health care service plan and a risk-bearing organization from including any provision that requires such organization to be at financial risk for the provision of certain health care services, unless the provision has first been negotiated and agreed to between the health care service plan and contractor. On June 17, 2003, the Department advised your Board that CHP was evaluating the fiscal impact of the health services contractor under this section and will accordingly assume financial risk of applicable injectable medications until the analysis was completed. Subsequently, CHP has

completed its analysis and is currently negotiating with each contractor to determine which party is to assume financial risk under the provisions set forth in CHSC Section 1375.5. CHP anticipates completion of the negotiations by June 31, 2004.

HFP - MRMIB Agreements

On May 19, 1998, the Board approved the initial State/County Agreement No. 97MHF063 with MRMIB to fund health services to eligible HFP children enrolled under CHP, effective May 1, 1998 through June 30, 2000. Subsequently, the Board approved three amendments to this agreement to continue funding and provision of HFP services, expand services to infants, revise rates of payment to County, and add program requirements through June 30, 2004.

On December 2, 2003, the Board approved the State Supported Services Agreement to provide 100% State funding of certain HFP services for "abortions that are not the result of incest or rape, and are not necessary to save the life of the mother," pursuant to federal regulations governing the Children's Health Insurance Program. Such services were formerly funded under Agreement No. 97MHF063, which used both State and federal dollars.

HFP Provider Agreements

On May 19, 1998, the Board approved the initial agreements with private individual physicians, medical groups, and hospitals to provide health services to eligible HFP children enrolled under CHP, effective May 1, 1998 through June 30, 2000. On June 20, 2000, the Board approved a replacement agreement to revise rates of payment and include additional program requirements. The Board approved subsequent amendments to their agreement to include provisions required by the County and DMHC, revise rates, and extend the agreements through June 30, 2008.

MMCP/CTEP Provider Agreements

On June 17, 2003, the Board approved revisions to the MMCP/CTEP standard form provider agreements to include County-required provisions, effective July 1, 2003 through December 31, 2004. New agreements with qualified providers will be effective upon date of execution through December 31, 2004.

Health Care Plan Provider Agreements

On January 8, 2002, the Board approved the initial standard form agreements for the funding and provision of health services under the Health Care Plan for eligible In-Home Support Services workers, effective January 8, 2002 through June 30, 2006. New agreements with qualified providers will be effective upon date of execution through June 30, 2006.

Attachments A, B, C and D provide additional information.

Exhibits I, II and III-A-C have been approved as to form and use by County Counsel.

The Honorable Board of Supervisors

June 3, 2004

Page 4

CONTRACTING PROCESS:

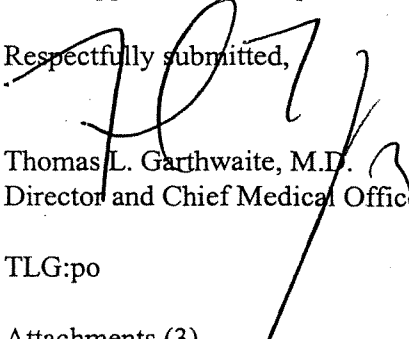
The standard form agreements will be offered to interested and qualified providers listed on Attachment C, provided that CHP requires such agreements to increase service capacity or access for its members, and that such providers meet CHP's contracting criteria listed in Attachment D, following approval as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The State/County MRMIB Agreement and related State Supported Services Agreement provide funding for the County's continued participation in the State's HFP providing for uninterrupted services. The HFP Agreement amendments provide for the continued and uninterrupted services for HFP subscribers. The addition of new providers will assist CHP in providing alternate providers should certain current providers change ownership or no longer be available for CHP members and to allow CHP to expand the County's health care service network.

When approved, this Department requires four signed copies of the Board's action.

Respectfully submitted,


Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:po

Attachments (3)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLCD2392.PO

SUMMARY OF AGREEMENT1. Types of Services:

The State/County Managed Risk Medical Insurance Board (MRMIB) funds CHP health services to eligible individuals. These services are delivered under the CHP's provider network consisting of: 1) County facilities; 2) primary/specialty care contractors affiliating with private hospital contractors; 3) primary care contractors affiliating with County hospitals; 4) network providers; and 5) subcontracted pharmaceutical service providers under the pharmacy benefit management contractor.

2. Agency and Contact Person:

State of California - Managed Risk Medical Insurance Board (MRMIB)
1000 G Street, Suite 450, Sacramento, CA 95814
Attention: Don Minnich, Telephone (916) 322-1215

3. Term:

The term of Amendment No. 4 to Agreement No. 00MHF007 with MRMIB, Amendment No. 1 to the related State Supported Services Agreement No. 03MHF018, and Amendment No. 2 to the provider agreements is July 1, 2004 through June 30, 2005.

4. Financial Information:

State MRMIB provides funding for the HFP on a per-member per-month basis, at a capitated rate for each HFP beneficiary enrolled in CHP. Revenue is retained by CHP for administrative overhead.

5. Geographic Area To Be Served:

Countywide.

6. Accountable for Monitoring:

Robert Lonardo, Director.

7. Approvals:

Office of Managed Care: Robert Lonardo, Director

Contract Administration: Irene E. Riley, Director

County Counsel: Edward Morrissey, Deputy County Counsel

ATTACHMENT B

CONTRACTOR NAME		CONTRACT NUMBER	AFFILIATED MEDICAL GROUP / IPA / HOSPITAL
HOSPITAL AGREEMENT			
1	Catholic Healthcare West Southern California dba California Hospital Medical Center	H212000	Health Care L.A.
2	Citrus Valley Health Partners	H211225	Altamed Health Services Corporation
3	Citrus Valley Health Partners	H211226	Doctors Medical Group
4	Citrus Valley Health Partners	H211227	Citrus Valley Physicians Group
5	Citrus Valley Health Partners	H211230	Health Care L.A.
6	Tenet Health System Hospitals, Inc.	H211740	Physicians Healthways Medical Corporation
7	Tenet Health System Hospitals, Inc.	H211521	Meridian Medical Group dba Capnet IPA
NETWORK AGREEMENT			
8	Universal Care, Inc.	H211224	
PRIMARY CARE AGREEMENT			
9	Central City Community Health Center	H211265	
10	Central Neighborhood Medical Group, Inc.	H211261	
11	Durfee Family Care Medical Group	H211191	
12	El Dorado Community Health Center	H211229	
13	Koryo Health Foundation	H211263	
14	Meridian Medical Group dba Capnet IPA	H211205	
15	Mission City Community Network, Inc.	H211385	
16	The Children's Clinic	H211464	
17	Transpacific Medical Network	H211262	
18	URDC Human Services Corporation	H211240	
19	Westside Neighborhood Clinic	H211299	
PRIMARY AND SPECIALTY CARE AGREEMENT			
20	Altamed Health Services Corporation	H211420	Citrus Valley Health Partners
21	Citrus Valley Physicians Group	H211301	Citrus Valley Health Partners
22	Doctors Medical Group	H211239	Citrus Valley Health Partners
23	Health Care L.A.	H211297	Catholic Healthcare West Southern California
24	Health Care L.A.	H211295	Citrus Valley Health Partners
25	Meridian Medical Group dba Capnet IPA	H211176	Tenet Health System Hospitals, Inc.
26	Physicians Healthways Medical Corporation	H211273	Tenet Health System Hospitals, Inc.

CONTRACTOR NAME		PRIMARY GEOGRAPHIC DMHC* AREA(S)
TYPE OF EXHIBIT: HOSPITAL		
1	Alhambra Hospital Medical Center	W. San Gabriel Valley
2	Alta/Bellwood General Hosp	East
3	Antelope Valley Medical Center	Antelope Valley
4	Beverly Hospital	East
5	Brotman Medical Center	West
6	Catholic Healthcare West Southern California	Various
7	Centinela Hospital Medical Center	West
8	Citrus Valley Health Partners (Queen of the Valley, Foothill Presbyterian, Intercommunity Hospitals)	East San Gabriel Valley
9	Community Hospital of Huntington Park	Metro
10	Downey Hospital	East
11	dba. Encino-Tarzana Regional Medical Center	NE San Fernando Valley
12	East Los Angeles Doctors Hospital	East
13	ElaStar Community Hospital	East
14	Garfield Medical Center	East
15	Gardena Hospital L. P., (dba: Memorial Hospital of Gardena)	South Bay
16	Glendale Adventist Hospital	W. San Gabriel Valley
17	Glendale Memorial Hospital	W. San Gabriel Valley
18	Henry Mayo Newhall Memorial Hospital	Antelope Valley
19	Huntington Memorial	W. San Gabriel Valley
20	Jupiter Bellflower Doctors Hospital (dba: Bellflower Medical Center)	East
21	L.A. Metropolitan Hospital	Metro
22	Lakewood Regional Medical Center	East
23	Lancaster Community Hospital	Antelope Valley
24	Little Company of Mary Hospital	South Bay
25	Methodist Hospital	W. San Gabriel
26	Mission Community Hospital	NE San Fernando Valley
27	Mission Hospital of Huntington Park	Metro
28	Monterey Park Hospital	East
29	Pacific Alliance Medical Center	Metro
30	Pacific Health Corp.	Various
31	Pacifica Hospital of the Valley	NE San Fernando Valley
32	Pomona Valley Hospital Medical Center	Pomona
33	Presbyterian Intercommunity Hospital	East
34	Queen of Angeles/Hollywood Presbyterian Medical Center	Metro
35	Robert F. Kennedy Medical Center	South
36	San Dimas Community Hospital	East San Gabriel Valley
37	San Gabriel Valley Medical Center	W. San Gabriel Valley
38	Sherman Oaks Hospital	SE San Fernando Valley
39	Suburban Medical Center	South
40	St. Francis Hospital Medical Center	South
41	St. Mary's Hospital	South Bay
42	Tenet Health System	Various

ATTACHMENT D

COMMUNITY HEALTH PLAN CRITERIA FOR INTERESTED PROVIDERS

- Meets the administrative, programmatic, and fiscal objectives of the Community Health Plan (CHP) business model.
- Agrees to accept as patients, individuals enrolled in the CHP.
- Demonstrates fiscal viability.
- Agrees to comply with CHP's Insurance and Reinsurance requirements.
- Locates service sites within Los Angeles County.
- Accepts CHP reimbursement rates.
- Agrees to cooperate in the areas of: utilization management, quality assurance, encounter/visit data and other reporting requirements, and regular monitoring/auditing of all aspects of service delivery to individuals enrolled in the CHP.
- Agrees to cooperate in the development and implementation of any other process which may be necessary or appropriate to CHP enrollees.
- Accepts the terms and conditions of the CHP Agreement.
- Demonstrates compliance with the geographic accessibility requirements under Knox-Keene Licensure and the State Department of Health Services.
- Complies with the CHP site certification process.
- Complies with the CHP credentialing process.